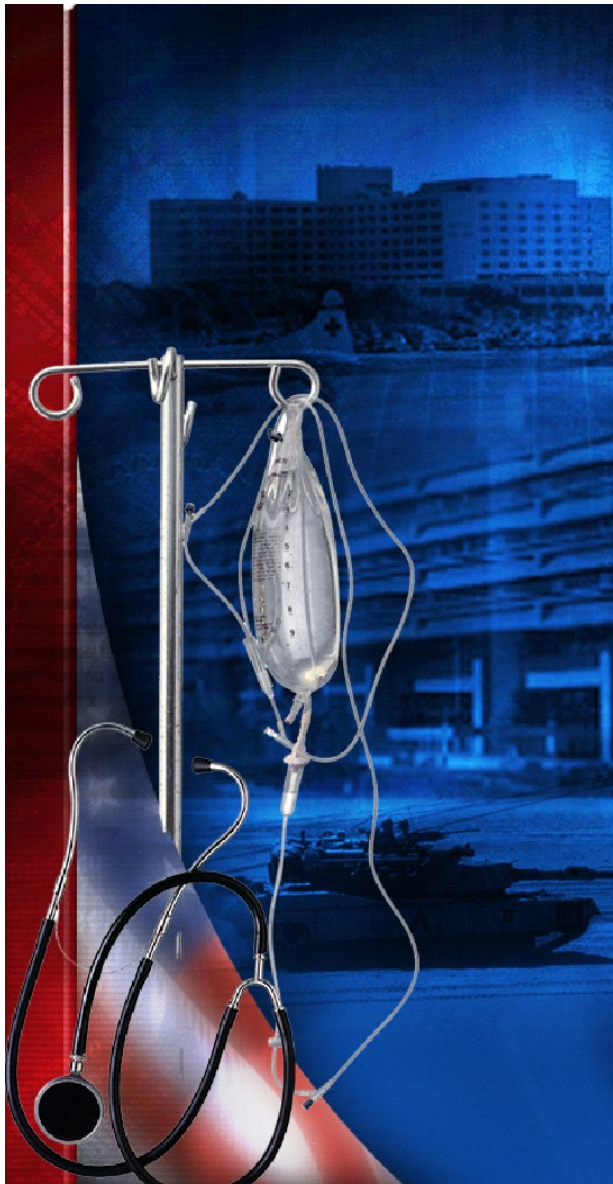




Tricare Regional Standardizat ion Program

January 2004

FY04 1Q Program Review
with
Savings Data through FY03





Executive Agent Regional Logistics Support Program

RIA Processing

Product Groups		REGION									
		1	2	3,4	5	6,7,8	9,10	11	12	Europe	Totals
FY 2003 New RIA	Submitted	11	11	11	7	16	11	13	10	7	97
	Completed	9	9	10	7	16	10	13	10	6	90
	Remaining In Process	2	2	1	0	0	1	0	0	1	7
FY2003 Renewals and Modifications	Submitted	3	60	17	7	25	10	24	8	3	157
	Completed	3	37	17	7	23	9	21	8	3	128
	Remaining In Process	0	23	0	0	2	1	3	0	0	29
FY2003 Totals	RIAs Submitted	14	71	28	14	41	21	37	18	10	254
	RIAs Completed	12	46	27	14	39	19	34	18	9	218
	RIAs Remaining In Process	2	25	1	0	2	2	3	0	1	36



Executive Agent Regional Logistics Support Program

Program Cost Avoidance, Fiscal Year 2003

Fiscal Year 2003						Fiscal Years 00, 01, 02 & 03
Target	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	
\$1,362,759	\$279,714	\$354,795	\$211,874	\$650,179	\$1,496,562	\$5,414,095
1,376,421	244,453	227,230	261,031	373,351	1,106,065	\$2,402,437
1,668,459	364,482	398,000	378,115	767,894	1,908,491	\$4,142,795
293,842	71,383	81,668	78,851	141,304	373,206	\$844,804
1,974,140	997,234	809,365	793,435	2,181,624	4,781,658	\$9,435,420
960,667	251,026	355,592	348,980	288,469	1,244,067	\$3,359,203
712,079	170,911	127,695	176,308	177,919	652,833	\$4,202,860
77,143	11,897	18,561	82,738	96,218	209,414	\$264,744
92,224	11,269	35,769	122,556	49,040	218,634	\$268,786
\$8,517,734	\$2,402,369	\$2,408,675	\$2,453,888	\$4,725,998	\$11,990,930	\$30,335,144



Executive Agent Regional Logistics Support Program

Program Cost Avoidance for FY01 to FY04

Regions	Fiscal Year 2001		Fiscal Year 2002		Fiscal Year 2003		Fiscal Year 2004	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
1	\$1,253,811	\$1,076,160	\$1,377,753	\$1,980,740	\$1,362,759	\$1,496,562	\$1,517,080	
2	344,932	615,745	534,823	631,061	1,376,421	1,106,065	1,220,901	
3,4	880,359	465,932	1,225,826	1,226,310	1,668,459	1,908,491	2,207,190	
5	242,998	262,641	134,637	203,143	293,842	373,206	399,603	
6,7,8	1,643,569	1,349,789	1,422,187	2,818,347	1,974,140	4,781,658	4,101,411	
9,10	1,075,997	843,348	695,632	724,647	960,667	1,244,067	1,364,308	
11	1,272,837	1,427,299	775,083	1,568,908	712,079	652,833	607,500	
12			7,456	55,330	77,143	209,414	296,682	
Europe			9,232	50,152	92,224	218,634	213,925	
Totals	\$6,714,503	\$6,040,914	\$6,182,629	\$9,258,638	\$8,517,734	\$11,990,930	\$11,928,600	\$0



Executive Agent Regional Logistics Support Program

Top Ten Product Groups

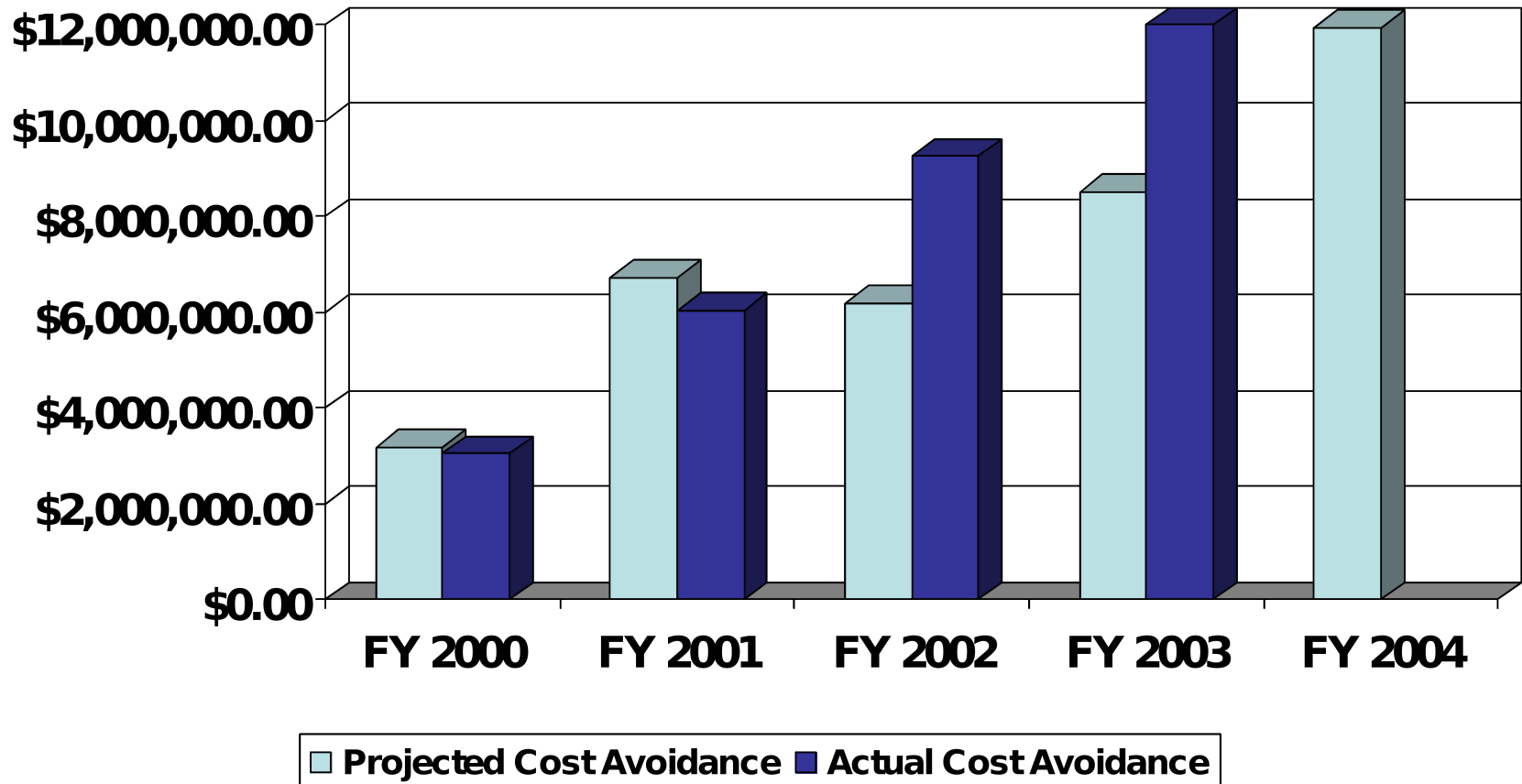
Product Groups	Projected Cost Avoidance	Actual Cost Avoidance
Exam Gloves	\$3,117,787.93	\$2,655,836.83
Surgeon's Gloves	\$2,673,424.92	\$2,570,627.25
Endoscopy Supplies	\$2,426,804.68	\$2,024,450.42
Custom Surgical Packs	\$1,967,390.49	\$1,918,991.50
Sutures	\$1,632,907.30	\$1,544,705.08
IV Solutions, Tubing, Accessories	\$1,377,346.91	\$1,367,543.98
Basic Wound Care	\$1,368,769.80	\$1,112,827.57
Drapes and Gowns	\$1,223,805.92	\$1,079,857.81
IV Administration Sets and Supplies	\$1,045,952.92	\$902,318.24
Needles and Syringes	\$1,107,184.50	\$896,270.09
<i>Additional 93 Product Groups</i>	\$9,071,480.00	\$8,314,603.00
Totals	\$27,012,855.37	\$24,388,031.77

These figures represent Cost Avoidance from the beginning of the program through the end of FY2003. Additionally, this table contains cost avoidance data for product purchases only. Overall Program cost avoidance is greater than product cost avoidance alone.



Executive Agent Regional Logistics Support Program

Program Cost Avoidance Projections and Actual Results from FY 2000 Forward

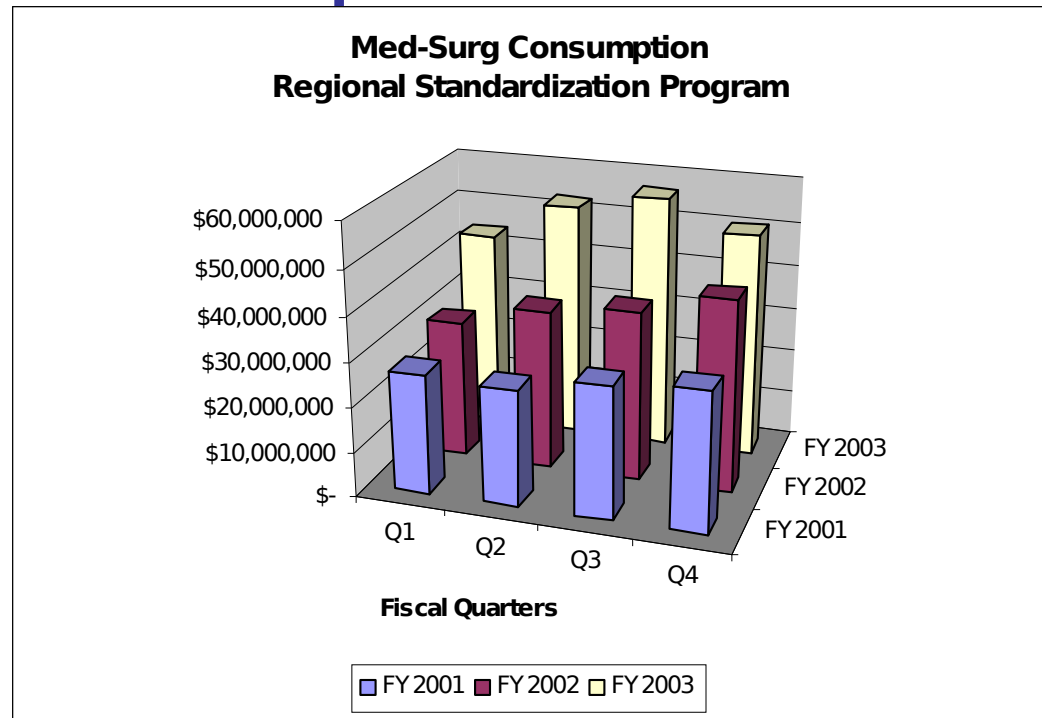




Med/Surg Prime Vendor Consumption

Med/Surg Prime Vendor Consumption continues to climb.

CDMIA Data shows that Prime Vendor Consumption in FY2003 exceeded \$200M!



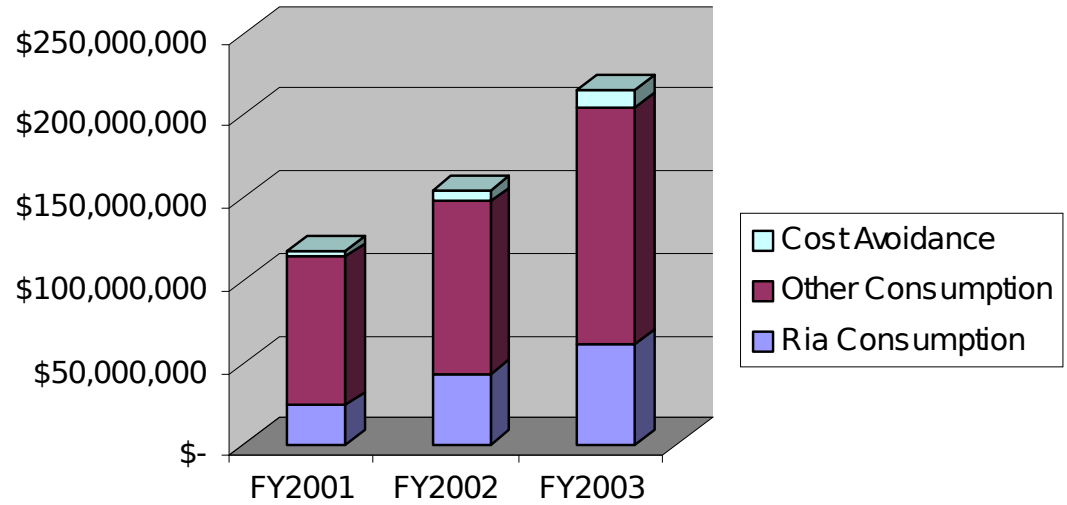
	Q1	Q2	Q3	Q4	Total
FY2001	\$ 26,893,900	\$ 26,053,604	\$ 29,525,850	\$ 31,108,210	\$ 113,581,564
FY2002	\$ 30,787,982	\$ 35,675,310	\$ 37,884,681	\$ 42,812,801	\$ 147,160,774
FY2003	\$ 44,327,149	\$ 52,863,810	\$ 56,516,999	\$ 50,316,044	\$ 204,024,002



Executive Agent Regional Logistics Support Program

Regional Incentive Agreement Consumption constitutes a significant portion of total Prime Vendor Consumption

RIA Consumption, Other Consumption and Cost Avoidance - Regional Standardization Program



	Ria Consumption	Other Consumption	Total Consumption	Cost Avoidance	Estimated Cost without RIAs	RIA % of Consumption
FY2001	\$ 23,472,669	\$ 90,108,895	\$ 113,581,564	\$ 3,798,976	\$ 117,380,539	20.7%
FY2002	\$ 43,008,379	\$ 104,152,395	\$ 147,160,774	\$ 6,943,170	\$ 154,103,944	29.2%
FY2003	\$ 60,590,454	\$ 143,433,548	\$ 204,024,002	\$10,803,532	\$ 214,827,534	29.7%



Standardized Process for Calculating Projected & Cost Avoidance

- Background
- Goal:
 - Product Cost Avoidance
 - Equipment Cost Avoidance
 - Discounts on Purchased Equipment
 - Equipment Provided with Purchase of Associated Equipment
 - Miscellaneous Cost Avoidance



Standardized Process for Calculating Projected & Cost Avoidance

Problems Encountered:

- Conflicting Base and Tier Prices in the DAPA Management System.
- Timing Problems with the Loading of Prices in the DMS.
- Tier Prices Erroneously Loaded as Base Prices.
- Blanket Changes in DMS prices.
- Items entered into the DMS with a mixture of RIA pricing and non-RIA pricing.
- Conflicting Units of Measure



Standardized Process for Calculating Projected & Cost Avoidance

Solution:

- Product Cost Avoidance
 - Product Cost Before Standardization
 - Product Cost After Standardization
 - Product Cost Avoidance
 - Unit Product Cost Avoidance
 - Net Cost Avoidance
 - Supplemental Cost Avoidance
- Equipment Cost Avoidance
- Miscellaneous Cost Avoidance



Standardized Process for Measuring Compliance

Questions